



Control Number: 48042



Item Number: 3

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RECEIVED

COMPLIANCE FILING OF AEP
TEXAS, INC. FOR A STANDARD
TRUE-UP OF TRANSITION
CHARGES UNDER SCHEDULE TC-3

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PUBLIC UTILITY COMMISSION

OF TEXAS

FILING CLERK

COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest and files this Recommendation. In support thereof, Staff would show the following:

I. BACKGROUND

On February 9, 2018, AEP Texas, Inc. d/b/a/ AEP Texas (AEP) filed a compliance tariff for the annual standard true-up of its transition charges in accordance with the Financing Order filed on January 12, 2012, in Docket No. 39931.¹ Notice Setting Deadline for Staff's Recommendation, issued on February 15, 2018, required Staff to file a recommendation regarding the accuracy of the adjustment to the transition charges by February 27, 2018. This pleading is timely filed.

II. STAFF'S RECOMMENDATIONS

Staff has reviewed AEP's filing and, based on the attached memorandum from Nancy Palma in the Commission's Rate Regulation Division, recommends that AEP's proposed "6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates - Rider TC-3, Revision Seven" as filed on February 9, 2018, be approved and deemed effective on the first billing cycle of March 2018 (February 28, 2018). Staff also recommends that AEP be required to file a clean copy of "6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates - Rider TC-3," to be stamped "Approved" by the Commission's Central Records Division and retained for future reference.

¹ Application of AEP Texas Central Company for a Financing Order, Docket No. 39931, Financing Order at Finding of Fact No. 81 (Jan. 12, 2012).

III. CONCLUSION

For the reasons stated above, Staff respectfully requests that an order be issued consistent with Staff's recommendations.

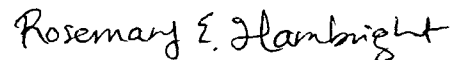
Dated: February 27, 2018

Respectfully Submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Margaret Uhlig Pemberton
Division Director

Stephen Mack
Managing Attorney

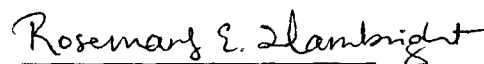


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TARIFF CONTROL NO. 48042

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on February 27, 2018, in accordance with 16 TAC § 22.74.


Rosemary E. Hambright

Public Utility Commission of Texas

Memorandum

TO: Rosemary Hambright, Legal Division

FROM: Nancy Palma, Tariff & Rate Analysis, Rate Regulation Division

RE: **Tariff Control No. 48042** – *Compliance Filing of AEP Texas, Inc. for a Standard True-Up of Transition Charges Under Schedule TC-3*

DATE: Tuesday, February 27, 2018

On February 9, 2018, AEP Texas Inc. d/b/a AEP Texas (AEP) filed for an annual standard true-up of its Section 6.1.1.2.3.1 - Initial/Adjusted Transition Charge-3 Rates - Rider TC-3 tariff (Rider TC-3). The Financing Order in Docket No. 39931, which securitized stranded costs associated with the deregulation of certain assets, requires AEP to file a standard true-up as described in Rider TC-3.¹ The purpose of AEP's standard true-up is to correct for any over- or under-collections and ensure timely payment of transition bonds based on rating agency and bondholder considerations. AEP is requesting that the proposed rates be effective on the first billing cycle of March 2018.

AEP states that it has over-collected its total transition charges by \$1,341,297, with some transition charge rate classes in a position of over-collection, and some in under-collection. AEP's proposed Rider TC-3 also reflects AEP's current requirement to collect \$75,266,384 to pay for principal, interest, and other charges required to satisfy its bond payment obligations from the period of March 1, 2018 through February 28, 2019.

I have reviewed AEP's filing and determined that the adjustments to Rider TC-3, as shown in Attachment 2 to the filing, are appropriately calculated and adequate to collect for AEP's scheduled transition bond payments obligations during the effective period. I therefore recommend that AEP's proposed *6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates - Rider TC-3, Revision Seven* be approved as filed on February 9, 2018. I also recommend that AEP be required to file a "clean" copy of 6.1.1.2.3.1 Initial / Adjusted Transition Charge-3 Rates - Rider TC-3, to be stamped "Approved" by the Commission's Central Records Division and retained for future reference.

¹ *Application of AEP Texas Central Company for a Financing Order*, Docket No. 39931, Financing Order at Finding of Fact No. 81 (Jan. 12, 2012).